Government of Saskatchewan

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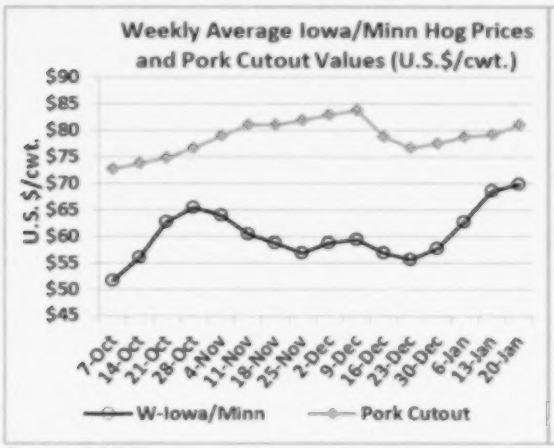
Weekly Hog Report

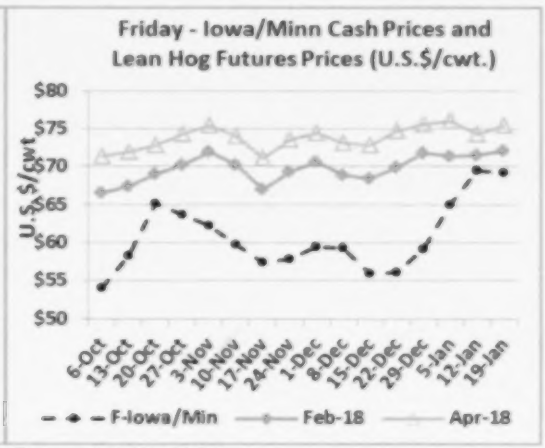
January 22, 2018

Cash Slaughter Weight Hog Prices

United States daily average slaughter weight cash hog prices (Iowa/Minn) were overall steady last week. Hog prices on Friday January 19 averaged US$69.26 per cwt, down slightly (US$0.16 per cwt) from US$69.42 per cwt the previous Friday. The negotiated weekly base price last week averaged US$69.75 per cwt, up US$1.23 per cwt or 1.8 per cent from US$68.52 per cwt the previous week.



Source: LMIC



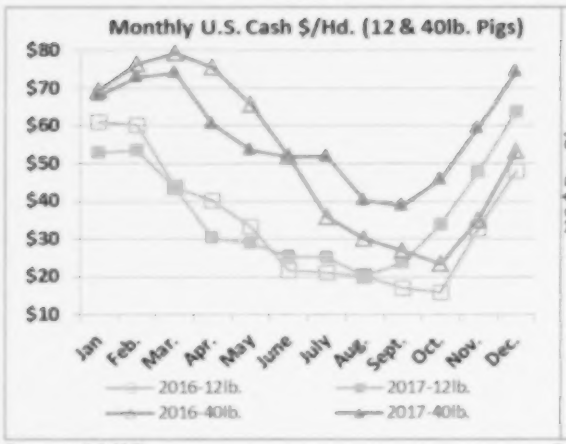
Source: LMIC, CME

Futures Markets

United States lean hog futures daily prices were mixed last week with good gains on Tuesday to help prices edge higher, week-over-week. The nearby February contract increased US$0.500 per cwt to settle last Friday at US$72.075 per cwt; while the April 2018 contract increased US$1.175 per cwt to settle last Friday at US$75.500 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$73.03 per head, down US$1.88 per head or 2.5 per cent from US$74.91 per head the previous week. Feeders (40lb) averaged US$84.99 per head, up US$2.79 per cwt or 3.4 per cent from US$82.20 per head, the previous week. Feeder prices in 2017 had another roller coaster ride falling in the first two quarters of 2017, before rallying in the fourth quarter of 2017 and start of 2018.



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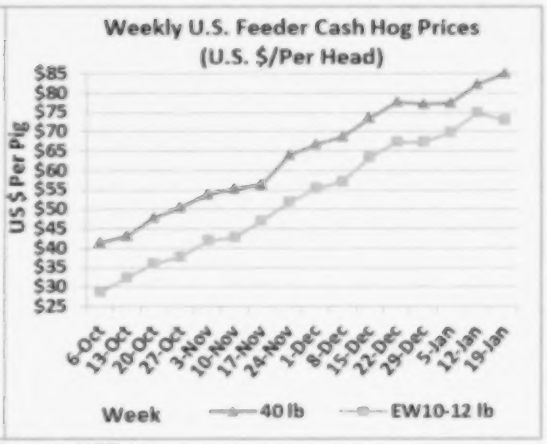
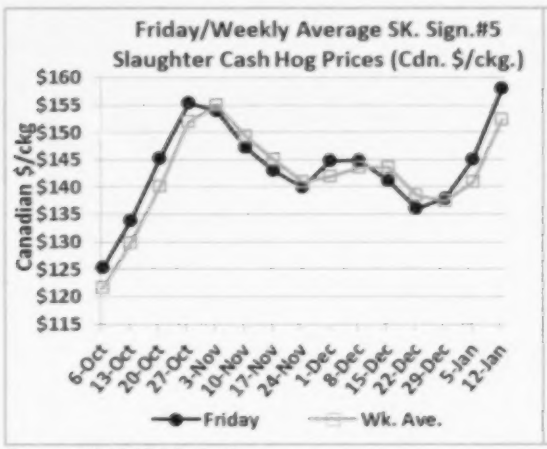


Source: USDA

Canadian Hog Markets

In Canada, the Signature#5 (Maple Leaf) Index 100 daily price for Friday January 19, 2018 was $160.10 per ckg, up $2.13 per ckg from $157.97 per ckg the previous Friday. Signature#5 weekly prices (Friday to Thursday) averaged $159.33 per ckg the week ending January 19, 2018; up $7.00 per ckg from the previous weeks' average price of $152.33 per ckg. Hogs prices last week were slightly above the normal seasonal highs for this time of year. The Canadian dollar compared to the U.S. dollar settled last Friday at 80.26 cents, up 0.29 cents from 79.97 cents the previous Friday.



Source: HAMS Marketing

Source: Est. based on weekly prices HAMS

Canadian Hog Slaughter

In Canada, federal and provincial hog slaughter numbers for the week ending January 13, 2018 were estimated at 442,987 head, up significantly from 314,478 head the previous shorter week, but down 2.0 per cent from 452,043 head the same week a year ago. Canadian hog slaughter numbers over the last eight weeks averaged 405,677 head, up slightly from 405,152 head over the same period a year ago. Year-to-date for the first two weeks of 2018, Canadian hog slaughter numbers totaled 757,465 head, down 8.7 per cent from the same two week period a year ago. (Source: AAFC/CFIA)

United States Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the shorter week ending January 20 were estimated at 2.338 million head, down 4.6 per cent from 2.450 million head the previous week, but up slightly from 2.336 million head the same week a year ago. Weekly U.S. hog slaughter numbers over the last eight weeks have averaged 2.392 million head, up 3.3 per cent from 2.316 million head over the same period a year ago.

Meat Production

U.S. pork production for the shorter week ending January 20, 2018 was estimated at 498.5 million lb., down 4.6 per cent from 522.5 million lb. the previous week, but up 0.3 per cent from 497.2 million lb. the same week a year ago. Pork production over the last eight week's ending January 20 was estimated to average 480.2 million lb., up 1.7 per cent from 472.1 million lb. over the same four week period a year ago.

U.S. beef production for the week ending January 20, 2018 was estimated at 514.0 million lb., down 0.7 per cent from 510.6 million lb. the previous week, but up 9.8 per cent from 468.3 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending January 13, 2018, was estimated to average 1.994 billion lb., up 1.3 per cent from 1.969 billion lb. over the same four weeks a year ago. Based on the weekly production numbers for the first two weeks of 2018 meat production is down 2.7 per cent compared to the same two weeks in 2017. There were bigger declines in chicken production than increases in pork production.

United States Weekly Meat Production

(Jan.13) Four Week Average - Million Lb.			Percent Change	
	2016/17	2017/18	4 Week	YTD -2018
Pork	461.2	487.4	5.7%	2.5%
Beef	465.3	473.1	1.7%	0.7%
Chicken	925.4	917.4	-0.9%	-6.8%
Turkey	117.2	116.5	-0.6%	-3.1%
Total	**1,969.2**	**1,994.4**	**1.28%**	**-2.68%**

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending January 20, 2018 averaged US$80.97 per cwt, up US$1.72 per cwt or 2.2 per cent from US$79.25 per cwt the previous week; and up 1.7 per cent from US$79.58 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending January 20, 2018 averaged US$205.89 per cwt over the week, down US$3.72 per cwt or 1.8 per cent from US$209.61 per cwt the previous week, but up 7.4 per cent from US$191.65 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending January 20 averaged US$104.83 per cwt, down US$0.95 per cwt or 0.9 per cent from US$105.78 per cwt the previous week, but up 4.8 per cent from US$100.01 per cwt the same week a year ago.

USDA World Agricultural Supply and Demand Estimates (WASDE)

The January USDA WASDE report revised the 2017 United States Red Meat and Poultry production slightly lower to 100.091 billion lb. from 100.155 billion lb. in the December estimates. United States meat production for 2017 was estimated to be 2.5 per cent higher compared to 2016. Leading the way in meat production increases in 2017 (by percent) were projected to come from beef (+3.8%), pork (+2.6%) and broilers (+2.2%). Pork production estimates for 2017 were estimated at 25.585 billion lb. in the January estimates, up slightly from the December estimates.

USDA January World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2014	Annual	24,252	22,843	38,550	5,756	92,171
2015	Annual	23,698	24,501	40,048	5,627	94,630
2016	Annual	25,221	24,941	40,695	5,981	97,612
2017	Dec. Proj.	26,305	25,560	41,541	5,997	100,155
2017	Jan. Proj.	26,175	25,585	41,591	5,987	100,091
% Chg.	Dec. to. Jan.	-0.49%	0.10%	0.12%	-0.17%	-0.06%
% Chg.	2016 to 2017	3.78%	2.58%	2.20%	0.10%	2.54%
2018	Jan. 2018 Proj.	27,760	26,960	42,450	6,000	103,938
% Chg.	2017 to 2018	6.06%	5.37%	2.07%	0.22%	3.84%

Source: USDA January WASDE Report, January 12, 2018

U.S. Red Meat and Poultry production for 2018 is expected to further increase from the current 2017 projections by an estimated 3.8 billion lb. (+3.8 per cent) to reach 103.9 billion lb. of meat production. Beef production is projected to lead the way in 2018 with increases of 6.1 per cent, followed by pork (+5.4 per cent), and broilers (+2.1 per cent). (Source: USDA WASDE) Beef production increases are projected to come from higher cattle placements late in 2017; along with heaver expected carcass weights. Pork production increases for 2018 are projected to come from the larger pig crop in the September-to-November quarter (USDA Hogs & Pigs Report); along with increased farrowing numbers projected for the first half of 2018.

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